



**MADISON TOWNSHIP  
SANDUSKY COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2000-1999**



**JIM PETRO**  
**AUDITOR OF STATE**  

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**STATE OF OHIO**



MADISON TOWNSHIP  
SANDUSKY COUNTY

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STATE OF OHIO  
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## REPORT OF INDEPENDENT ACCOUNTANTS

Madison Township  
Sandusky County  
611 West Madison Street  
Gibsonburg, Ohio 43431-1224

To the Board of Trustees:

We have audited the accompanying financial statements of Madison Township, Sandusky County, Ohio, (the Township) as of and for the years ended December 31, 2000 and 1999. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audits in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in Note 1, the Township prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Township as of December 31, 2000 and 1999, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 6, 2001 on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

This report is intended solely for the information and use of the audit committee, management, the Board of Trustees, and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

**Jim Petro**  
Auditor of State

June 6, 2001

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**MADISON TOWNSHIP  
SANDUSKY COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<u>Governmental Fund Types</u>			<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>				
Local Taxes	\$47,880	\$87,540		\$135,420
Intergovernmental	49,665	76,894	\$24,000	150,559
Earnings on Investments	3,177	4,357		7,534
Other Revenue	38,904	128		39,032
	<u>139,626</u>	<u>168,919</u>	<u>24,000</u>	<u>332,545</u>
<b>Total Cash Receipts</b>				
	<u>139,626</u>	<u>168,919</u>	<u>24,000</u>	<u>332,545</u>
<b>Cash Disbursements:</b>				
Current:				
General Government	56,348			56,348
Public Safety	29,491	24,098		53,589
Public Works	6,389	112,830		119,219
Debt Service:				
Redemption of Principal		13,770		13,770
Interest and Fiscal Charges		5,430		5,430
Capital Outlay	6,489	2,781	24,000	33,270
	<u>98,717</u>	<u>158,909</u>	<u>24,000</u>	<u>281,626</u>
<b>Total Cash Disbursements</b>				
	<u>98,717</u>	<u>158,909</u>	<u>24,000</u>	<u>281,626</u>
<b>Total Receipts Over Disbursements</b>	40,909	10,010		50,919
<b>Fund Cash Balances, January 1</b>	33,493	135,305		168,798
<b>Fund Cash Balances, December 31</b>	<u><u>\$74,402</u></u>	<u><u>\$145,315</u></u>		<u><u>\$219,717</u></u>

*The notes to the financial statements are an integral part of this statement.*

**MADISON TOWNSHIP  
SANDUSKY COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>Governmental Fund Types</u>			<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>				
Local Taxes	\$46,187	\$83,594		\$129,781
Intergovernmental	36,123	65,319	\$27,000	128,442
Earnings on Investments	656	1,090		1,746
Other Revenue	6,494	1,407		7,901
	<u>89,460</u>	<u>151,410</u>	<u>27,000</u>	<u>267,870</u>
<b>Total Cash Receipts</b>				
<b>Cash Disbursements:</b>				
Current:				
General Government	56,173			56,173
Public Safety	20,604	14,642		35,246
Public Works	6,126	81,527		87,653
Debt Service:				
Redemption of Principal		12,909		12,909
Interest and Fiscal Charges	3,135	3,156		6,291
Capital Outlay	27,784		27,000	54,784
	<u>113,822</u>	<u>112,234</u>	<u>27,000</u>	<u>253,056</u>
<b>Total Cash Disbursements</b>				
Total Receipts Over/(Under) Disbursements	(24,362)	39,176		14,814
Fund Cash Balances, January 1	57,855	96,129		153,984
<b>Fund Cash Balances, December 31</b>	<u><u>\$33,493</u></u>	<u><u>\$135,305</u></u>		<u><u>\$168,798</u></u>

*The notes to the financial statements are an integral part of this statement.*

**MADISON TOWNSHIP  
SANDUSKY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Madison Township, Sandusky County, (the Township) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly-elected three-member Board of Trustees. The Township provides general governmental services, including road and bridge maintenance and fire protection.

The Township's management believes these financial statements present all activities for which the Township is financially accountable.

**B. Basis of Accounting**

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

**C. Fund Accounting**

The Township uses fund accounting to segregate cash that is restricted as to use. The Township classifies its funds into the following types:

**1. General Fund**

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

**2. Special Revenue Funds**

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Township had the following significant Special Revenue Funds:

*Road and Bridge Fund* - This fund receives property tax money for constructing, maintaining and repairing Township roads and bridges.

*Gasoline Tax Fund* - This fund receives gasoline tax money to pay for constructing, maintaining and repairing Township roads.

*Fire District Fund* - This fund receives property tax money for operating the fire department which is owned by the Township and Village of Gibsonburg.

**MADISON TOWNSHIP  
SANDUSKY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999  
(Continued)**

**3. Capital Project Fund**

This fund is used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Township had the following significant capital project fund:

*Issue II Fund* - The Township received a grant from the State of Ohio to repair Township roads.

**E. Budgetary Process**

The Ohio Revised Code requires that each fund be budgeted annually.

**1. Appropriations**

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Appropriations lapse at year end.

**2. Estimated Resources**

Estimated resources include estimates of cash to be received (budgeted receipts) plus cash as of January 1. The County Budget Commission must also approve estimated resources.

**3. Encumbrances**

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

A summary of 2000 and 1999 budgetary activity appears in Note 3.

**F. Property, Plant and Equipment**

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

**G. Unpaid Vacation and Sick Leave**

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the basis of accounting used by the Township.

**MADISON TOWNSHIP  
SANDUSKY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999  
(Continued)**

**2. EQUITY IN POOLED CASH**

The Township maintains a cash pool used by all funds. The Ohio Revised Code prescribes allowable deposits. The carrying amount of cash at December 31 was as follows:

	<u><b>2000</b></u>	<u><b>1999</b></u>
Demand deposits	<u>\$219,717</u>	<u>\$168,798</u>

Deposits are either (1) insured by the Federal Depository Insurance Corporation, or (2) collateralized by securities specifically pledged by the financial institution to the Township.

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2000 and 1999 follows:

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$124,024	\$139,626	\$15,602
Special Revenue	160,364	168,919	8,555
Capital Projects	24,000	24,000	
Total	<u>\$308,388</u>	<u>\$332,545</u>	<u>\$24,157</u>

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$157,517	\$98,717	\$58,800
Special Revenue	295,667	158,909	136,758
Capital Projects		24,000	(24,000)
Total	<u>\$453,184</u>	<u>\$281,626</u>	<u>\$171,558</u>

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$118,502	\$89,460	(\$29,042)
Special Revenue	163,860	151,410	(12,450)
Capital Projects	27,000	27,000	
Total	<u>\$309,362</u>	<u>\$267,870</u>	<u>(\$41,492)</u>

**MADISON TOWNSHIP  
SANDUSKY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999  
(Continued)**

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$176,355	\$113,822	\$62,533
Special Revenue	259,980	112,234	147,746
Capital Projects	27,000	27,000	
Total	\$463,335	\$253,056	\$210,279

The Township did not amend appropriations to meet expenditures in 2000 for the Capital Projects Fund in accordance with the Ohio Revised Code § 5705.41(B). Also, the Township did not have Board approval to amend appropriations in accordance with the Ohio Revised Code § 5705.40.

**4. PROPERTY TAX**

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by Board of Trustees. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payments, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the Township.

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Township.

**5. DEBT**

Debt outstanding at December 31, 2000 was as follows:

	Principal	Interest Rate
General Obligation Note	\$71,723	6.50%

The general obligation note was issued to finance the purchase of a new fire truck. The note is collateralized solely by the Township's fire truck.

Amortization of the above debt, including interest, is scheduled as follows:

Year Ending December 31:	General Obligation Note
2001	\$19,200
2002	19,200

**MADISON TOWNSHIP  
SANDUSKY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999  
(Continued)**

<u>Year Ending December 31:</u>	<u>General Obligation Note</u>
2003	\$19,200
2004	19,200
2005	<u>6,591</u>
Total	<u><u>\$83,391</u></u>

**6. RETIREMENT SYSTEMS**

The Township's employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2000 and 1999, PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% and 10.84% of participants' gross salaries for 1999 and 2000, respectively. The Township has paid all contributions required through December 31, 2000.

**7. RISK MANAGEMENT**

The Township is a member of the Ohio Township Association Risk Management Authority Pool (the Pool). The Pool assumes the risk of loss up to the limits of the Township's policy. The Pool may assess supplemental premiums. The following risks are covered by the Pool:

- General liability and casualty;
- Public official's liability; and
- Vehicle.

**8. JOINT VENTURE**

Gibsonburg-Madison Township Volunteer Fire Department is managed by the Township and the Village of Gibsonburg. The Township pays all of the fire department bills and is reimbursed for half of the expenses by the Village of Gibsonburg. The Township received \$38,811 during 2000 and \$6,203 during 1999. The debt is maintained by the Township.

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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON  
INTERNAL CONTROL REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Madison Township  
Sandusky County  
611 West Madison Street  
Gibsonburg, Ohio 43431-1224

To the Board of Trustees:

We have audited the accompanying financial statements of Madison Township, Sandusky County, Ohio, (the Township) as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated June 6, 2001. We conducted our audits in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2000-40172-001 and 2000-40172-002.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted a matter involving the internal control over financial reporting that does not require inclusion in this report, that we have reported to management of the Township in a separate letter dated June 6, 2001.

Madison Township  
Sandusky County  
Report of Independent Accountants on Compliance and on  
Internal Control Required by *Government Auditing Standards*  
Page 2

This report is intended for the information and use of the audit committee, management, and the Board of Trustees, and is not intended to be and should not be used by anyone other than these specified parties.

**Jim Petro**  
Auditor of State

June 6, 2001

**MADISON TOWNSHIP  
SANDUSKY COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2000 AND 1999**

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS  
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

**FINDING NUMBER 2000-40172-001**

**Noncompliance Citation**

Ohio Revised Code § 5705.41(B) states no subdivision shall make any expenditure of money unless it has been lawfully appropriated. In year 2000, the Township's Issue II Fund expenditures of \$24,000 were not appropriated, thus expenditures exceeded appropriations by that amount. The Clerk should not approve purchase orders or payments exceeding appropriations. Actual revenues were sufficient as to allow the Township to make supplemental appropriations. When sufficient resources exist, the Clerk should request the Board of Trustees to amend appropriations. The Clerk should review MAS Bulletins 89-17 and Auditor of State Bulletin 2000-008 which gives recommended accounting treatments for Issue II Funds.

**FINDING NUMBER 2000-40172-002**

**Noncompliance Citation**

Ohio Revised Code § 5705.40 requires amended appropriations be approved by the Board of Trustees. The Clerk adjusted appropriations in the Issue II Fund during year 2000 without the approval of the Board of Trustees. As a result, expenditures were made against unauthorized appropriations. We recommend the Board of Trustees approve all appropriation modifications by including a resolution in the minutes.

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**MADISON TOWNSHIP  
SANDUSKY COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2000 AND 1999**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b>Explain:</b>
1998-40172-001	Ohio Revised Code § 5705.41(B), expenditures exceeding appropriations.	No	Issued material citation in current audit, Finding #2000-40172-001.
1998-40172-002	Ohio Revised Code § 5705.38, no temporary appropriations approved.	Yes	Corrected. Client approved temporary appropriations.





STATE OF OHIO  
OFFICE OF THE AUDITOR  

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**MADISON TOWNSHIP**

**SANDUSKY COUNTY**

**CLERK'S CERTIFICATION**

**This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.**

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
JUNE 21, 2001**